

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56503; File No. SR-Amex-2007-97)

September 24, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto Relating to Changes in the Name and Investment Objective to the PowerShares DB Precious Metals Fund, the PowerShares DB Gold Fund, and the PowerShares DB Silver Fund

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 23, 2007, the American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange. On September 17, 2007, Amex submitted Amendment No. 1 to the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to continue to trade the shares (“Shares”) of each of the PowerShares DB Precious Metals Fund, the PowerShares DB Gold Fund, and the PowerShares DB Silver Fund (collectively, the “Funds”), each with a revised name and investment objective. The text of the proposed rule change is available at Amex, the Commission’s Public Reference Room, and www.amex.com.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On December 29, 2006, the Commission approved the listing and trading of the Shares of each of the Funds.³ The Shares represent beneficial ownership interests in each corresponding Master Fund’s⁴ net assets, consisting solely of the common units of beneficial interests of the DB Precious Metals Master Fund, the DB Gold Master Fund, and the DB Silver Master Fund, as applicable. Each of the foregoing Master Funds primarily holds futures contracts on the commodities comprising (1) the Deutsche Bank Liquid Commodity Index – Optimum Yield Precious Metals Excess ReturnTM, (2) the Deutsche Bank Liquid Commodity Index – Optimum Yield Gold Excess ReturnTM, and (3) the Deutsche Bank Liquid Commodity Index – Optimum Yield Silver Excess ReturnTM (each, an “Underlying Index,” and collectively, the “Underlying

³ See Securities Exchange Act Release No. 55029 (December 29, 2006), 72 FR 806 (January 8, 2007) (SR-Amex-2006-76) (approving the listing and trading of the Shares of each of the Funds); see also Securities Exchange Act Release No. 54770 (November 16, 2006), 71 FR 67935 (November 24, 2006) (SR-Amex-2006-76) (providing notice of the proposal to list and trade the Shares of the Funds).

⁴ The DB Multi-Sector Commodity Master Trust (the “Master Trust”) was formed as a Delaware statutory trust in seven separate series (each, a separate “Master Fund”). Each Master Fund is one series of the Master Trust.

Indexes”), respectively. Other holdings of the Funds include cash and U.S. Treasury securities for deposit with futures commission merchants as margin and other high-credit-quality, short-term fixed-income securities.

The Exchange seeks to continue trading of the Shares based on changes to the names of each of the Funds. Specifically, the proposal contemplates changes in the names of the Funds so that the PowerShares DB Precious Metals Fund, the PowerShares DB Gold Fund, and the PowerShares DB Silver Fund would be changed to the PowerShares DB Ultra Precious Metals Fund, the PowerShares DB Ultra Gold Fund, and the PowerShares DB Ultra Silver Fund, respectively.⁵ In addition, Amex seeks to continue trading of the Shares based on a modified investment objective for each Fund. The Exchange represents that the modifications in the names and investment objective of the Funds are the only changes proposed for each of the Funds.⁶

Currently, the investment objective of the Funds and the Master Funds is to reflect the performance of the corresponding Underlying Index, less any expenses of the operations of such Fund and the related Master Fund. Pursuant to this proposal, each Fund’s investment objective would be revised to seek investment results that correspond, before fees and expenses, to twice (200%) the daily performance of the respective Underlying Index. The revised investment objective would make the Funds and Master Funds “Leveraged Funds.” Each of the Funds, if successful in meeting its objective, should gain, on a percentage basis, approximately twice as

⁵ E-mail from Candice Fordin, Assistant General Counsel, Amex, to Edward Cho, Special Counsel, Division of Market Regulation, Commission, dated September 18, 2007 (clarifying the modifications to the names of the Funds) (“Amex Confirmation”).

⁶ The Exchange states that the remaining structure of the Funds, which is more fully described in the notice and approval order for File No. SR-Amex-2006-76, will remain the same. See supra note 3.

much as the Fund's Underlying Index when the prices of the futures contracts comprising such Underlying Index increase on a given day, and should lose approximately twice as much when such prices decline on a given day. The modification of the investment objective is expected to provide Fund shareholders with a leveraged exposure to a Fund's Underlying Index, but will also result in the Master Fund becoming twice as volatile as the performance of the Underlying Index. This revised investment objective for each Fund would create funds that are substantially similar to other leveraged funds that are currently listed and traded on the Exchange.⁷

As a result of the modification to the investment objective of the Funds, the Exchange represents that, while DB Commodity Services LLC (the "Managing Owner") will attempt to minimize any "tracking error" between the investment results of a particular Fund and the performance (and specified multiple thereof) of its Underlying Index, certain factors may tend to cause the investment results of a Fund to vary from the performance of the relevant Underlying Index or specified multiple thereof.⁸ The Funds are expected to be highly correlated to the

⁷ See, e.g., Securities Exchange Act Release Nos. 55117 (January 17, 2007), 72 FR 3442 (January 25, 2007) (SR-Amex-2006-101) (approving the listing and trading of shares of funds of the ProShares Trust); 54040 (June 23, 2006), 71 FR 37629 (June 30, 2006) (SR-Amex-2006-41) (approving the listing and trading of shares of additional funds of the ProShares Trust); and 52553 (October 3, 2005), 70 FR 59100 (October 11, 2005) (SR-Amex-2004-62) (approving the listing and trading of shares of funds of the xtraShares Trust).

⁸ The Exchange states that several factors may cause a Fund to vary from the relevant Underlying Index and investment objective including: (1) a Fund's expenses, including brokerage fees (which may be increased by high portfolio turnover) and the cost of the investment techniques employed by that Fund; (2) less than all of the securities in the benchmark Underlying Index being held by a Fund and securities not included in the benchmark Underlying Index being held by a Fund; (3) an imperfect correlation between the performance of instruments held by a Fund, such as futures contracts, and the performance of the underlying securities in the cash market; (4) bid-ask spreads (the effect of which may be increased by portfolio turnover); (5) holding instruments traded in a market that has become illiquid or disrupted; (6) a Fund's Share prices being rounded to the nearest cent; (7) changes to the benchmark Underlying Index that are not

specified multiple of each applicable Underlying Index and investment objective (0.85 or greater).⁹ In each case, the Funds are expected to have a daily tracking error of less than 5% (500 basis points) relative to the specified multiple of the performance of the relevant Underlying Index.

In addition, the Managing Owner in connection with the management of the Master Funds generally will seek to maintain positions in futures contracts with an aggregate notional value equal to double the value of the Master Fund's holdings of U.S Treasury securities and other high-credit-quality, short-term fixed-income securities. As a result, the Funds generally will have a leverage ratio of 2:1. The leverage ratio of the Master Fund will vary based on changes in the prices of the futures contracts held by the Master Fund. If the Master Fund's leverage ratio moves below 1.8:1 or above 2.2:1, then the Master Fund will rebalance its futures contracts to return to a 2:1 leverage ratio. The leverage ratio of the Master Fund will be calculated on each business day after the close of trading on Amex based on the settlement prices of the futures contracts held by the Master Fund. The Managing Owner believes that maintaining each Master Fund's leverage ratio between 1.8:1 and 2.2:1 will enable each Fund to achieve its investment objective.

disseminated in advance; (8) the need to conform a Fund's portfolio holdings to comply with investment restrictions or policies or regulatory or tax law requirements; and (9) early and unanticipated closings of the markets on which the holdings of a Fund trade, resulting in the inability of the Fund to execute intended portfolio transactions.

⁹ Correlation is the strength of the relationship between (1) the change in a Fund's net asset value and (2) the change in the benchmark Underlying Index (investment objective). The statistical measure of correlation is known as the "correlation coefficient." A correlation coefficient of +1 indicates a perfect positive correlation, while a value of -1 indicates a perfect negative (inverse) correlation. A value of zero would mean that there is no correlation between the two variables

A special meeting of the shareholders of the Funds is planned to be held on October 9, 2007 to vote on the proposal to revise each Funds' investment objective and name. The Funds' proposal will become effective upon the affirmative vote of a majority of the shareholders, excluding the Shares held by the Managing Owner and its affiliates.¹⁰ The Managing Owner will, within a reasonable time thereafter, distribute a prospectus supplement indicating the change in name and investment objective to purchasers and current holders of the Funds.¹¹ Based on each Fund's and each Master Fund's assets under management and trading volume of the Shares, as well as competing products in the market, the Managing Owner believes that each Fund should better serve the needs of current and future investors if the respective Master Fund provides investors with an exposure to changes in the Underlying Index of twice or 200%, whether positive or negative.

Upon approval of the shareholders of the Funds, the Exchange will, in an Information Circular to Exchange members and member organizations prior to the commencement of trading, inform members and member organizations of the change in names and investment objective to the Funds.¹² The Information Circular will further inform members and member organizations of the prospectus supplement delivery requirements that apply to the Funds. In addition, the Information Circular will set forth the requirements relating to Commentary .05 to Amex Rule 411 (Duty to Know and Approve Customers). Specifically, the Information Circular will remind

¹⁰ Although the proposal of the Funds will become effective upon the affirmative vote of a majority of the shareholders of such Funds, the Commission notes that Amex's proposal will not become effective until the Commission has granted its approval pursuant to Section 19(b)(2) of the Act (15 U.S.C. 78s(b)(2)).

¹¹ See Amex Confirmation, supra note 5.

¹² See id.

members of their obligations in recommending transactions in the Shares so that members have a reasonable basis to believe that (1) the recommendation is suitable for a customer given reasonable inquiry concerning the customer's investment objectives, financial situation, needs, and any other information known by such member, and (2) that the customer can evaluate the special characteristics, and is able to bear the financial risks, of such investment. In connection with the suitability obligation, the Information Circular will also provide that members make reasonable efforts to obtain the following information: (a) the customer's financial status; (b) the customer's tax status; (c) the customer's investment objectives; and (d) such other information used or considered to be reasonable by such member or registered representative in making recommendations to the customer. In addition, the Information Circular will disclose that the procedures for purchases and redemptions of Shares are described in each Fund's prospectus and that Shares are not individually redeemable, but are redeemable only in prescribed aggregations or multiples thereof.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁴ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes the proposed rule change will impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange states that no written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which Amex consents, the Commission will:

- A. by order approve such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Amex-2007-97 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2007-97. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information

that you wish to make available publicly. All submissions should refer to File Number SR-Amex-2007-97 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Nancy M. Morris
Secretary

¹⁵ 17 CFR 200.30-3(a)(12).